

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6634**

**BILL NUMBER:** HB 1221

**DATE PREPARED:** Jan 29, 2002

**BILL AMENDED:** Jan 28, 2002

**SUBJECT:** Lake and River Enhancement Fee and Fund.

**FISCAL ANALYST:** Bernadette Bartlett

**PHONE NUMBER:** 232-9586

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill makes the Department of Natural Resources (DNR) Lake and River Enhancement Fee (1) \$7 for a boat that is less than 16 feet in length; (2) \$9 for a boat that is at least 16 feet in length but not more than 20 feet in length; and (3) \$12 for a boat that is more than 20 feet in length. The bill requires one-third of the revenue from this fee to be allocated for DNR law enforcement activities, including deposit of the money in a fund that provides grants to counties with special boat patrol needs. It also requires one-third of the revenue from this fee to be allocated for DNR lake projects.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** The Bureau of Motor Vehicles (BMV) collects the Lake and River Enhancement Fee. Increasing the amount of the fee should not increase administrative expenses for the Bureau. The DNR administers the fund. Expenses of administering the fund are to be paid from money in the fund.

**Explanation of State Revenues:** (Revised) The Lake and River Enhancement (LARE) fee currently generates approximately \$1.1 M annually. Changing the fee would generate an estimated additional \$747,367. The table below outlines the estimated revenue generated.

| <b>Total Revenue Generated from the Proposed LARE Fee</b> |                                       |                       |                          |
|---|---------------------------------------|-----------------------|--------------------------|
| <b>Boat Length</b>  | <b># of Boats Reported by the BMV</b> | <b>Fee Applicable</b> | <b>Revenue Generated</b> |
| Less than 16 feet   | 100,857                               | \$7                   | \$705,999                |
| 16 to 20 feet   | 90,992                                | \$9                   | \$818,928                |
| Over 20 feet  | 26,870                                | \$12                  | \$322,440                |
| <b>Total</b>  | 218,719                               |                       | \$1,847,367              |

Under the proposal, 1/3 of the revenue from this fee is to be allocated for DNR law enforcement activities, including deposit of the money in a fund that provides grants to counties with special boat patrol needs. One-third of the revenue would be allocated for DNR lake projects. The remaining 1/3 would be used to pay costs incurred by the Department in implementing LARE projects. An estimated \$615,789 would be dedicated to each of the above purposes.

*Background:* The Division of Soil Conservation within the DNR administers the Fund. The Fund provided matching grants to evaluate or fund mechanisms to improve the quality of public-access lakes and streams by reducing soil erosion and nutrient input. Matching grants were provided to local lake associations for diagnostic, feasibility, or design studies and for construction or remediation work. Matching grants were also provided to soil and water conservation districts for watershed studies, erosion control practices, and land treatment applications. Watershed land treatment provided funding to farmers to prevent eroded soil and nutrients from getting into streams and lakes. Watershed land treatments were designed to prevent sediment from being deposited into the lakes.

The table below details the uses of the fund for the past several years.

| <b>Lake and River Enhancement Fund<br/>Funds Allocated Annually by the State Soil Conservation Board</b> |  |                                  |              |   |
|--|--|----------------------------------|--------------|---|
| <b>Fiscal Year</b>   | <b>Watershed Land Treatment Projects</b> | <b>Lake and Streams Projects</b> | <b>Total</b> | <b>% Allocated to Lakes and Streams</b> |
| 1995   | \$446,000                                | \$383,840                        | \$829,840    | 46%                                     |
| 1996   | \$484,000                                | \$346,053                        | \$830,053    | 42%                                     |
| 1997   | \$551,000                                | \$432,477                        | \$983,477    | 44%                                     |
| 1998   | \$462,245                                | \$367,755                        | \$830,000    | 44%                                     |
| 1999   | \$483,800                                | \$346,200                        | \$830,000    | 42%                                     |
| 2000   | \$531,825                                | \$657,003                        | \$1,188,828  | 55%                                     |
| Totals   | \$1,990,870                              | \$1,776,325                      | \$5,492,198  | 32%                                     |

Since its inception in 1990, the LARE Program has funded 241 projects in over 44 counties as of December 2001. Revenue from the Fund was also used to finance the 26-member Lake Management Work Group.

Money in the Fund at the end of the fiscal year does not revert to the State General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Local units may be eligible to receive grants related to lake projects and law enforcement.

**State Agencies Affected:** Department of Natural Resources.

**Local Agencies Affected:** Local units.

**Information Sources:** Budget Overview for the Lake Enhancement Fund and Jim Ray, Chief, and Mike Massonne, Engineer, LARE, Division of Soil Conservation, (317) 233-3871; Melanie Schwartz, Deputy Commissioner, Bureau of Motor Vehicles (317) 233-1218.